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## FISCAL IMPACT REPORT

SPONSOR Jennings DATE TYPED 2/8/04 HB \_\_\_\_\_

SHORT TITLE Reduce Developmental Disabilities Wait List SB 395

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$16,000.0		See Narrative	Recurring	General Fund

Relates to SB456 which provides reimbursement rate increase for service providers in DD waiver program.

Relates to Appropriation in the General Appropriation Act

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$46,598.0		Recurring	Federal Funds

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Developmental Disabilities Planning Council (DDPC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 395 appropriates \$16 million from the General Fund to the Department of Health for expenditure in Fiscal Years (FY) 05 through FY 07 to provide assistance to at least nine hundred (900) persons under the Developmental Disabilities Medicaid Waiver Program (DDMWP).

### Significant Issues

Currently 3,292 applicants are listed on the Central Registry of the DDMWP for services. The current average length of wait for services through the DD Waiver is 53 months. This varies by Long Term Services Division (LTSD) Region. SB395 could have a significant impact on reducing this time frame.

New Mexico's DD Waiver agreement with the U.S. Department of Health and Human Services provides that up to 4,300 individuals can be served through the end of FY 05, with 300 additional individuals authorized through the end of FY 06. The appropriation contained in SB395 is sufficient to expand numbers served from the current total of 3,165 individuals on the DD Waiver to a total of 4,176 by FY 07, which is within federal authorization limits on the growth of the DD waiver population. According to DOH, a period of three years is a realistic time frame for accomplishing the positive purpose and impact of this bill.

### **FISCAL IMPLICATIONS**

The appropriation of \$16,000.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 07 shall revert to the General Fund.

The average direct service expenditure per individual on the DD waiver in FY 03 was \$60,000. This figure does not include administrative costs. With the current federal match rate of 74.44%, the SGF funds will generate approximately \$46,598.0 in Federal Funding. This funding could provide service to over 1000 individuals based on the FY 03 cost estimates.

With a three percent (3%) inflation factor on the costs of service plans, the funding can support 337 individual allocations per year for a total of 1,011 individuals by July 2007. The breakout of cost to serve 337 new people each year is as follows:

July 04-June 05: \$60,000

July 05-June 06: \$61,800

July 06-June 07: \$63,700

### **ADMINISTRATIVE IMPLICATIONS**

Additional FTE will be required; a total of 12 FTE in the Long Term Services Division (LTSD) and the Division of Health Improvement (DHI) to ensure the standards mandated by federal law for the management of the DOH Central Registry and ensure that Medicaid processes are carried out. Mandates include the processes from allocation (availability of funds) to entry into services, as well as FTE for system expansion and training initiatives. Reference is made to "Technical Issues" and "Amendment" below.

### **TECHNICAL ISSUES**

A total of 12 additional FTE's would reduce the exposure to the Department with respect to existing and potential lawsuits brought with regard to federal Medicaid management standards. This includes the obligation to monitor the risks and services provided to clients receiving ser-

vices funded through the Department and the obligation to maintain compliance with the Plan of Action of the Jackson lawsuit.

### **OTHER SUBSTANTIVE ISSUES**

Aggressive recruitment and training initiatives will be needed to prepare qualified providers; permit entry of persons into the system and ensure their health and safety. Historically, a maximum of 300 to 400 individuals can enter service within a fiscal year. In addition, the capacity of the provider system (case management and direct service providers) growth in response to new funding has been between 200-400 persons per year. The provider network, like the health care industry, experiences difficulty in recruiting and maintaining a stable workforce.

### **AMENDMENTS**

DOG suggests amending the bill to permit \$347,000 of the general fund to add 12 FTE to assure the health and safety of the new entrants into the DD community program system. This designated general fund would be matched with Medicaid at a 50/50 rate.

**BD/yr:lg**